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# Market Administrators BULLETIN

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ISSUED FOR PRODUCERS WHO ARE NOT MEMBERS  
OF COOPERATIVE ASSOCIATIONS



Milk is Snackin' Good Any Time!

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## FEDERAL ORDER SUMMARY — FIRST HALF 1969

Dairy Situation, September 1969

Handlers regulated by Federal orders received about 31 billion pounds of milk from producers during the first half of 1969, around 54 percent of the total milk marketed in the United States. In comparable Federal order markets, January-June 1969 producer deliveries were up approximately 2.5 percent from a year earlier. Using comparable markets eliminated the effect of new markets and expansion of existing marketing areas when measuring changes. During the same period, total U. S. milk marketings

fell by 1.7 percent.

January-June 1969 Class I sales increased from a year earlier at about the same rate as deliveries in comparable Federal order markets. Consequently, the Class I utilization held at 63 percent in both periods.

An average of about 143,000 producers made deliveries to Federal order markets in the first half of this year. Producer numbers in comparable markets during the first half of this year averaged 4 percent less than the same period last year. However, producer

deliveries increased because milk deliveries per farmer averaged 6 percent higher. Dairymen shipping to Federal order handlers averaged approximately 1,200 pounds of milk per day in January-June 1969.

In first half 1969, Class I prices averaged \$6.60 per 100 pounds in 58 comparable markets, about 5.8 percent higher than a year earlier. The average blend price was \$5.69 per 100 pounds, a gain of 5.4 percent from the same period in 1968.

## CHANGES IN PRODUCTION EFFICIENCY ON DAIRY FARM

Dairy Situation, September 1969

Obtaining dependable labor is one of the most serious problems facing many dairy farmers. Favorable off-farm opportunities have pulled many workers away from farms. Dairy farmers have to compete with rising wages in nonfarm employment. And as dairy farms increase in size, hired labor becomes more important. The 1964 Census of Agriculture reported that 85 percent of commercial dairy farms with annual sales of \$40,000 and over had regular hired labor, compared with only about 5 percent of those farms with annual sales under \$10,000.

To help solve labor problems, farmers have sharply improved labor efficiency. Since the late 1950's, milk output per man-hour has more than doubled in the United States. The index of output was 204 (1957-59=

100) in 1968, 7 percent higher than in 1967. This rise was due in part to less productive farms going out of business, but also to substantial inputs of capital and rising milk production per cow. Generally, labor productivity rose because of substitution of machinery for labor, improved livestock, and better management. Through improved breeding, feeding, and management, milk production per cow has increased 37 percent during the past 10 years—a significant contribution to increased output per man-hour.

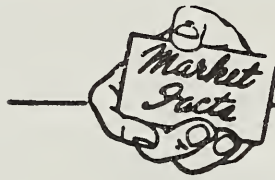
Dairy farmers spent around 21 minutes daily per animal to care for milk cows in 1950. The 1957-59 average was down to 17 minutes per cow, and in 1968 to only 12 minutes. These averages are based on the average number of cows milked during the year,

and exclude time spent in raising feed and caring for herd replacements.

Increases in output per man-hour in dairy farming compare favorably with gains in other agricultural enterprises. Output per man-hour rose 104 percent for dairying from 1957-59 to 1968, while the increase for all farm work was 82 percent. During the past 10 years, only poultry, feed grains, and cotton had efficiency increases greater than dairy farming.

Greater use of artificial insemination in dairy herds has contributed substantially to increases in milk output per cow. By making higher quality sires more widely available, artificial insemination has raised the productive capability of dairy herds and has contributed to gains in output per man-hour in dairying.





*Cincinnati*

**MARKET FACTS FOR EASY REFERENCE**

**PRICE SUMMARY**

|                                                     | Sept.<br>1969 | Aug.<br>1969 | Sept.<br>1968 |
|-----------------------------------------------------|---------------|--------------|---------------|
| Producer's Uniform Price (3.5%) .....               | \$6.04*       | \$5.59*      | \$6.03*       |
| Class I (3.5%) .....                                | 6.22          | 6.21         | 6.26          |
| Class II (3.5%) .....                               | 4.34          | 4.25         | 4.23          |
| Producer Butterfat Differential for each 1/10% .... | 8.0¢          | 8.0¢         | 8.0¢          |

\*Producer location differential--

Distance of Receiving Plant from City Hall, Cincinnati, Ohio

50 but less than 60 miles .10¢ less

Each additional 10 miles or fraction thereof, an additional .015

**UTILIZATION SUMMARY**

|                                            |      |      |      |
|--------------------------------------------|------|------|------|
| Percent of Producer Milk in Class I .....  | 75.8 | 68.7 | 75.1 |
| Percent of Producer Milk in Class II ..... | 24.2 | 31.3 | 24.9 |

**PRODUCTION SUMMARY**

|                                                      |            |            |            |
|------------------------------------------------------|------------|------------|------------|
| Total Bulk Tank Milk Deliveries .....                | 59,687,378 | 60,382,643 | 55,886,136 |
| Total Can Milk Deliveries .....                      | 1,049,985  | 1,081,103  | 1,252,768  |
| Total Pounds Producer Milk Delivered .....           | 60,737,363 | 61,463,746 | 57,138,904 |
| Percentage of Tank Milk to Total Deliveries .....    | 98.3       | 98.2       | 97.8       |
| Number of Tank Producers .....                       | 2,556      | 2,510      | 2,562      |
| Number of Can Producers .....                        | 80         | 80         | 116        |
| Total Number of Producers .....                      | 2,636      | 2,590      | 2,678      |
| Percentage of Tank Producers to Total Producers .... | 97.0       | 96.9       | 95.7       |
| Average Daily Receipts per Tank Producer .....       | 778        | 776        | 727        |
| Average Daily Receipts per Can Producer .....        | 437        | 436        | 360        |
| Average Daily Receipts per All Producers .....       | 768        | 766        | 711        |
| Average Butterfat Test of All Producers .....        | 3.56       | 3.50       | 3.58       |
| Average Daily Class I Use (Gross) .....              | 1,737,961  | 1,503,393  | 1,589,903  |

**VALUE SUMMARY**

|                                           |             |             |             |
|-------------------------------------------|-------------|-------------|-------------|
| Total Value of Average Test .....         | \$3,694,874 | \$3,432,255 | \$3,478,890 |
| Income per Producer (7 Day Average) ..... | \$327       | \$299       | \$303       |

**AVERAGE DAILY SALES (Quarts)**

|                  |         |         |         |
|------------------|---------|---------|---------|
| Milk .....       | 558,701 | 492,390 | 510,947 |
| Buttermilk ..... | 17,028  | 16,981  | 16,023  |
| Chocolate .....  | 40,891  | 16,166  | 38,267  |
| Skim .....       | 144,407 | 126,226 | 121,073 |
| Cream .....      | 8,314   | 7,811   | 9,119   |



# COMPARATIVE STATISTICS

# CINCINNATI MARKETING AREA

SEPT., 1960 - '69

| Year         | Receipts from Producers | Average Butter-fat Test | Percentage of Producer Milk in Each Class |          |           | Uniform Producer Price (3.5%) | Class Prices at 3.5% |          |           | Number of Producers | Average Daily Prod. |
|--------------|-------------------------|-------------------------|-------------------------------------------|----------|-----------|-------------------------------|----------------------|----------|-----------|---------------------|---------------------|
|              |                         |                         | Class I                                   | Class II | Class III |                               | Class I              | Class II | Class III |                     |                     |
| 1960 . . . . | 45,256,627              | 3.68                    | 71.0                                      | 20.4     | 8.6       | 4.59                          | 4.6760               | 3.1812   | 3.1812    | 4,039               | 373                 |
| 1961 . . . . | 52,482,454              | 3.62                    | 68.6                                      | 18.2     | 13.2      | 4.74                          | 4.8725               | 3.3639   | 3.3639    | 3,957               | 442                 |
| 1962 . . . . | 51,789,311              | 3.64                    | 68.0                                      | 19.3     | 12.7      | 4.55                          | 4.77                 | 3.1080   | 3.1080    | 3,553               | 486                 |
| 1963 . . . . | 53,942,601              | 3.62                    | 65.6                                      | 20.5     | 13.9      | 4.52                          | 4.74                 | 3.1812   | 3.1812    | 3,403               | 528                 |
| 1964 . . . . | 52,269,290              | 3.60                    | 68.3                                      | 19.5     | 12.1      | 4.51                          | 4.79                 | 3.2540   | 3.2540    | 3,211               | 543                 |
| 1965 . . . . | 57,040,711              | 3.64                    | 72.6                                      | 17.5     | 9.9       | 4.68                          | 4.92                 | 3.2839   | 3.2839    | 3,236               | 588                 |
| 1966 . . . . | 61,364,076              | 3.62                    | 68.8                                      | 31.2     | -----     | 5.53                          | 5.81                 | 4.29     | -----     | 3,155               | 648                 |
| 1967 . . . . | 54,892,760              | 3.62                    | 78.8                                      | 21.2     | -----     | 5.67                          | 5.89                 | 3.93     | -----     | 2,830               | 647                 |
| 1968 . . . . | 57,138,904              | 3.58                    | 75.1                                      | 24.9     | -----     | 6.03                          | 6.26                 | 4.23     | -----     | 2,678               | 711                 |
| 1969 . . . . | 60,737,363              | 3.56                    | 75.8                                      | 24.2     | -----     | 6.04                          | 6.22                 | 4.34     | -----     | 2,636               | 768                 |

## DECLINE IN COW NUMBERS SLOWS

Dairy Situation, September 1969

In June, there were 12.7 million milk cows on U. S. farms, down 2.8 percent from a year earlier. Milk cow numbers are at the lowest level since 1887. For the third straight year the rate of decline has slowed from the sharp 6 percent decline of 1966 and is approaching the relatively low rates of the early 1960's. The decline was the same or less this year than a year earlier for all regions except the South Central. The rate of decline ranged from about 5 percent in the West North Central and South Central regions to less than 1 percent in the Western region.

Surveys of the number of milk cows in the United States are made in June and in December. The June estimate tends to be a close approximation of the average number of milk cows for the year.

Improving milk prices, ample supplies of feed and high milk-feed price ratios helped slow the sale of dairy herds and reduced herd culling, despite higher beef cattle prices.

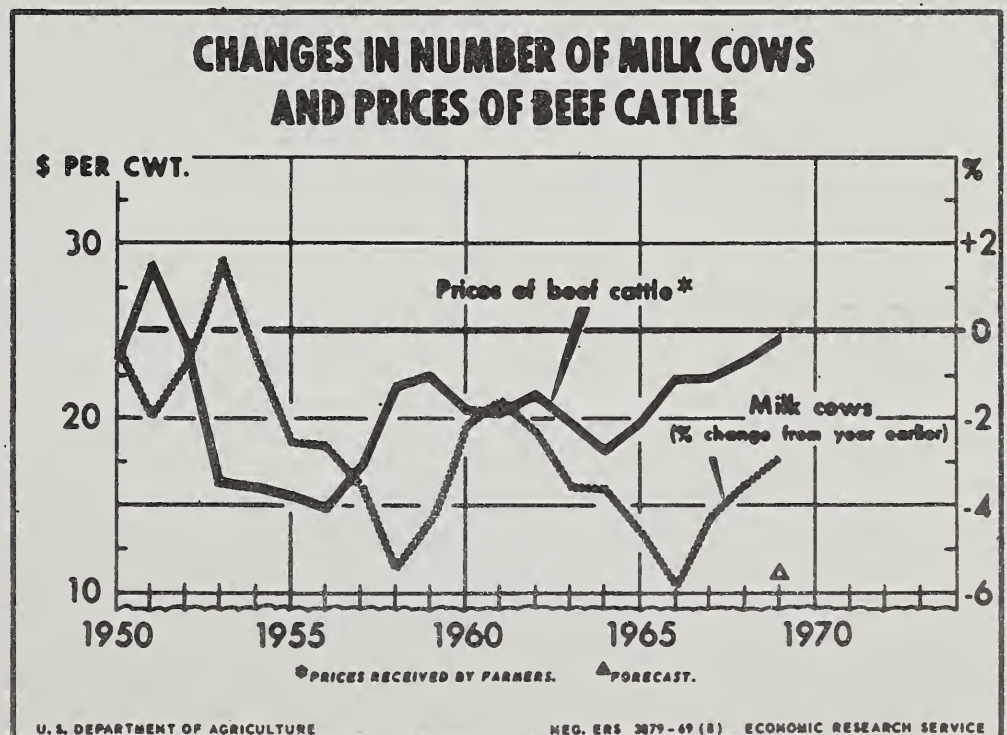
Beef cattle prices in the first half of 1969 were approximately 13 percent above those of a year earlier. In past years, rising cattle prices often have been associated with quickening declines in milk cow numbers. This has not been the case in 1969.

This year cattle prices have increased far more than milk prices.

As a result, the manufacturing milk-beef cattle price ratio during mid-1969 fell to the low levels of 1965 when cow numbers started the precipitous decline of 1965 and 1966. Seasonal increases in dairy prices during August-November may cause the milk-beef price ratio to improve this fall. However, manufacturing milk prices may

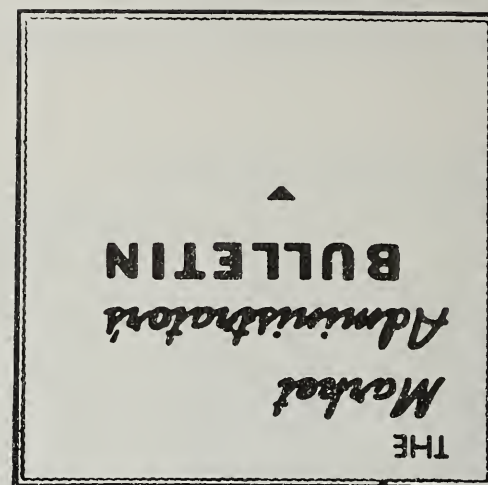
not be high enough this fall to raise the milk-beef cattle price ratio to last year's fourth quarter level.

Continued more rapid gains in beef cattle prices than in milk prices could encourage the movement of dairy cows to slaughter and quicken the rate of year-to-year decline from the 2.8 percent of June.



During most of the last 2 decades the downtrend in milk cow numbers accelerated when beef cattle prices rose, and slowed when cattle prices fell. So far in 1969, the milk cow number decline has continued to slow although cattle prices have gained sharply. However, continuing larger increases in cattle prices than milk prices could again quicken the sale of dairy cows this fall and winter.





## LESS MILK FOR MANUFACTURING

Dairy Situation, September 1969

Because of decreased marketings of milk from farms, less milk was available for manufacturing in the first half of 1969 than a year earlier. However, part of the drop in marketings was offset by lower consumption of fluid milk and cream. Among individual products, only the production of other-than-American types of cheese, creamed cottage cheese, evaporated milk, and ice milk exceeded year-earlier levels. Ice cream output was unchanged. More than offsetting these increases was the lower production of butter, American cheese, condensed milk (case goods), dry whole milk, and nonfat dry milk.

American cheese output moved above a year earlier in June and in August was about 5 percent higher. The largest gains were in Wisconsin and Minnesota, which account for about half of U. S. output. In these States, American cheese plants have been paying higher prices for milk than butter plants, thus pulling more milk into cheese production.

In response to increased demand, output of other types of cheese was up from a year earlier in each month this year. Blue mold, cream, and Italian varieties showed the largest gains. Since 1960, the output of Italian types of cheese has doubled, the largest increase of any cheese variety.

In July, use of milk in manufactured dairy products continued down

## Market Quotations

SEPTEMBER  
1969

|                                                                                                         |        |
|---------------------------------------------------------------------------------------------------------|--------|
| MINNESOTA-WISCONSIN PRICE SERIES .....                                                                  | \$4.49 |
| Butter-Powder Price .....                                                                               | 4.34   |
| Average Price per lb. 92-score butter at Chicago .....                                                  | .6985  |
| Average carlot prices, spray process nonfat dry milk,<br>f.o.b. Chicago area manufacturing plants ..... | .2295  |

slightly from a year earlier. Increased cheese output was more than offset by the drop in butter production. However, weekly reports of butter and cheese output suggest that the use of milk for manufacturing in August may be slightly above year-earlier levels.

If second half 1969 milk marketings total a little below a year earlier, as expected, slightly less milk may be used in manufacturing than in the second half of 1968. This would bring milk used in manufactured dairy products in all of 1969 around 1 percent below 1968.

About 59.4 billion pounds of milk were used in manufactured dairy products last year. This was around 1 percent below 1967 and 5 percent below the 1962-66 average. This is a revised estimate, based on the annual enumeration of all manufactured dairy products by the Statistical Reporting Service.

In 1968, manufactured products accounted for 51 percent of U. S. milk output, up from 50 percent in 1967. Production records were achieved for

whole milk American cheese other than Cheddar, all Italian cheese, total cheese (excluding cottage), cottage cheese, dry whey, crude milk sugar, and all frozen dairy products except sherbet. On the other hand, except for 1966, creamery butter output was the lowest since 1921.

In 1968, butter accounted for about 42 percent of the net whole milk used in producing manufactured dairy products; cheese, 29 percent; and frozen dairy products, 19 percent.

Skim milk used in the production of manufactured skim milk items totaled 25.7 billion pounds last year, 3 percent under 1967, and 15 percent below the 1962-66 average. Since nonfat dry milk accounts for about 70 percent of the total skim milk utilized for manufacturing, this drop is caused chiefly by the declining output of nonfat dry milk since the early 1960's. Cottage cheese represented about 16 percent of total skim milk equivalent in 1968, and has accounted for an increasing share of the total in recent years.